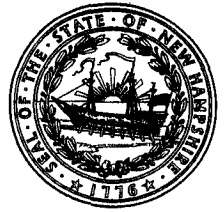




The State of New Hampshire
Department of Environmental Services



Michael P. Nolin
Commissioner

April 17, 2006

Atlantic Paper Mills of New Hampshire, LLC
Attn: Mr. Egal Gabbay
PO Box 12296
Hauppauge, NH 12296

Re: Docket No. AO ARD 06-002 - Administrative Order by Consent Agreement

Dear Mr. Gabbay:

Enclosed for your records is a copy of the fully executed and accepted Administrative Fine by Consent Agreement in the above-captioned matter.

On behalf of the Department of Environmental Services, thank you for your cooperation in resolving this matter.

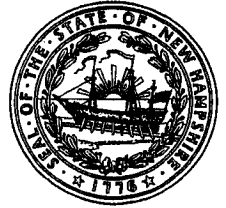
Sincerely,

COPY
Michael P. Scialfani,
Legal Assistant

cc: Michael J. Walls, DES Assistant Commissioner
Robert R. Scott, Director, Air Resources Division
Gretchen R. Hamel, Administrator, DES Legal Unit
Kerry D. Barnsley, Compliance Attorney, DES Legal Unit
DES Public Information Officer
Barbara Hoffman, DES/ARD



The State of New Hampshire
Department of Environmental Services



Michael P. Nolin
Commissioner

Atlantic Paper Mills of New Hampshire, LLC
P.O. Box 126
Ashuelot, NH 03441

Re: 116 Lost Road, Winchester, NH
AFS #3300500004

**ADMINISTRATIVE ORDER
BY CONSENT
No. ARD 06-002
(Sta.S)**

A. INTRODUCTION

This Administrative Order by Consent is issued by the Department of Environmental Services, Air Resources Division to, and with the consent of, Atlantic Paper Mills of New Hampshire, LLC, pursuant to RSA 125-C. This Administrative Order by Consent is effective upon signature by all parties.

B. PARTIES

1. The Department of Environmental Services, Air Resources Division ("DES"), is a duly-constituted administrative agency of the State of New Hampshire, having its principal office at 29 Hazen Drive, Concord, New Hampshire.
2. Atlantic Paper Mills of New Hampshire, LLC ("APM") is a Limited Liability Company registered to do business in New Hampshire, having a mailing address of P.O. Box 126, Ashuelot, NH 03441.

C. STATEMENTS OF FACTS AND LAW

1. RSA 125-C authorizes DES to regulate sources of air pollution in New Hampshire. RSA 125-C:4 authorizes the Commissioner of DES to adopt rules relative to the prevention, control, abatement, and limitation of air pollution in New Hampshire. Pursuant to this authority, the Commissioner has adopted NH Admin. Rules Env-A 100 *et seq.*
2. Specifically, RSA 125-C:12,V, authorizes DES to adopt rules and collect fees from facilities that operate pursuant to Title V permits issued by DES.
3. The Commissioner has adopted Env-A 705, *Emission-Based Fee*, which requires any facility that is required to have a temporary permit, state permit to operate, or Title V operating permit, to pay to [DES] each year an emission-based fee as calculated pursuant to Env-A 705.03.
4. APM operates a paper mill (the "Mill") on 116 Lost Road in Winchester, New Hampshire.
5. DES issued Title V Permit No. TV-OP-013 (the "Permit") to APM on March 15, 1999, and DES renewed and reissued the Permit on July 13, 2005.

6. Condition XXIII of the Permit requires APM to pay annual emission-based fees to DES.
7. In calendar year 2003, the Mill emitted 28.26 tons of air pollutants, resulting in emission-based fees of \$2,412.60.
8. In calendar year 2004, the Mill emitted 44.02 tons of air pollutants, resulting in emission-based fees of \$3,819.04.
9. In February of 2005, APM suspended operations at the Mill.
10. On August 29, 2005, DES sent an invoice to APM for emission-based fees owed for calendar years 2003 and 2004 totaling \$6,231.64.

D. DETERMINATION OF VIOLATIONS

1. APM has violated Env-A 705 and Condition XXIII of the Permit by failing to pay emission-based fees owed for calendar year 2003.
2. APM has violated Env-A 705 and Condition XXIII of the Permit by failing to pay emission-based fees owed for calendar year 2004.

E. ORDER

Based on the above findings, DES hereby orders APM, and APM agrees, to undertake and complete the following actions in accordance with the time schedules specified:

1. Except as provided in ^{April 1st 2006} paragraph E.3., below, ^{April 1st 2006} APM will pay DES \$6,231.64 in 36 monthly installments, beginning ~~March 15~~, 2006. By ~~March 15~~, 2006, APM will pay DES \$176.64. Thereafter, APM will pay DES \$173.00 by the 15th of each month for the following 35 months, with the final payment to be made on, or before, ~~February 15~~, 2009. ^{March 15th 2009}
2. By April 15, 2006, APM will pay DES the emission-based fees owed for calendar year 2005.
3. If APM resumes operating the Mill prior to February 15, 2009, APM will pay DES the balance of fees owed as specified in paragraphs E.1. and E.2., above, which remain unpaid on the day that operations resume, including any unpaid administrative fines or stipulated penalties assessed pursuant to Section F. The remaining balance shall be paid to DES within 5 days of the date APM resumes operation.
4. APM shall make all checks payable to "Treasurer, State of New Hampshire," and shall send all payments made in connection with Section E of this Administrative Order by Consent to DES as follows:

Sonny Strickland, Compliance Bureau
DES Air Resources Division
P.O. Box 95
Concord, NH 03302-0095
Fax No.: (603) 271-7053
e-mail: sstrickland@des.state.nh.us

F. STIPULATED PENALTIES

1. For the violations set out in this Order, DES hereby assesses an administrative fine against APM in the amount of \$500. APM shall submit a certified check for \$500 made payable to "Treasurer, State of New Hampshire" to DES Legal Unit, Attn: Michael Sclafani, PO Box 95, Concord, NH 03302-0095, no later than thirty (30) days after the effective date of this Administrative Order by Consent.
2. APM agrees to pay a stipulated penalty of \$50 for each day any payment required pursuant to Section E of this Administrative Order by Consent is postmarked after the deadline. If stipulated penalties become due, payment shall be by certified check made payable to "Treasurer, State of New Hampshire" and mailed to DES Legal Unit, Attn: Michael Sclafani, PO Box 95, Concord, NH 03302-0095, within 15 days of receipt of notice from DES that payment is required.

G. CONSENT AND WAIVER OF APPEAL

1. By execution of this Administrative Order by Consent, APM agrees that this Order shall apply to and be binding upon APM, its officers, directors, successors and assigns, and agrees that this Order may be entered and enforced by a court of competent jurisdiction.
2. By execution of this Administrative Order by Consent, APM waives any right to appeal this Administrative Order by Consent provided by statute, rule, or common law, including without limitation the right to appeal to the Air Resources Council, and waives any right to object to the entry and enforcement of this order by a court of competent jurisdiction.
3. By execution of this Administrative Order by Consent, APM waives any right to a hearing on or appeal of the administrative fine(s) or stipulated penalties specified in Section F provided by statute, rule, or common law, and waives any right to object to the fine(s) in any collection action initiated by DES due to non-payment of the fine(s) by APM.

Atlantic Paper Mills of New Hampshire, LLC

COPY

By: _____
Duly Authorized

Date

5/1/6

NH Department of Environmental Services

COPY

Robert R. Scott, Director
Air Resources Division

Date

14 April, 2006

COPY

Michael P. Nolin, Division

Date

04 17 06

cc: Gretchen Hamel, Legal Unit Administrator
Public Information Officer, DES PIP Office
Jennifer Patterson, Sr. Asst. Attorney General, NHDOJ/EPB
John Stetser, Winchester Town Manager
AFS #3300500004